

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE SUBMISSION OF</b>	)	
<b>THE POWER COST ADJUSTMENT (PCA)</b>	)	<b>CASE NO. AVU-E-04-3</b>
<b>STATUS REPORT OF AVISTA CORPORATION</b>	)	
<b>AND REQUEST FOR RECOVERY OF POWER</b>	)	<b>NOTICE OF FILING</b>
<b>COSTS DEFERRED THROUGH JUNE 30, 2004.</b>	)	
	)	<b>NOTICE OF COMMENT</b>
	)	<b>DEADLINE</b>
	)	

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YOU ARE HEREBY NOTIFIED that on August 12, 2004, Avista Corporation dba Avista Utilities (Avista; Company) filed a Power Cost Adjustment (PCA) status report with the Idaho Public Utilities Commission (Commission) and requested authorized recovery of power costs deferred through June 30, 2004. The existing PCA surcharge of 19.4% is currently scheduled to expire October 11, 2004. Avista has requested in its pending general rate case, Case No. AVU-E-04-1, that the existing PCA surcharge be reduced at the time that new base tariff rates are made effective at the conclusion of the general rate case.

The present 19.4% surcharge was originally authorized by the Commission in Order No. 28876 on October 11, 2001, in Case No. AVU-E-01-11. The surcharge was extended by Order No. 29130 in Case No. AVU-E-02-6 and by Order No. 29377 in Case No. AVU-E-03-6. Pursuant to Commission Order No. 29377, Avista was directed to file a PCA status report 60 days prior to expiration of the authorized surcharge. Avista's filing in Case No. AVU-E-04-3 is the Company's PCA status report and is accompanied by testimony and associated workpapers.

The status report reflects a PCA deferral balance of \$26.1 million at June 30, 2004, as reflected below:

Unrecovered balance at June 30, 2003	\$27,843,108
Net deferral activity (July 2003-June 2004)	26,890,298 *
Amortizations related to surcharge revenues (July 2003-June 2004)	<u>-28,627,479</u>
Unrecovered balance at June 30, 2004	26,105,927
*Deferral Activity Detail	
Net increase in power supply costs	\$28,664,583

Centralia capital and O&M credit	-2,817,996
Interest	<u>1,043,711</u>
Net deferral activity (July 2003-June 2004)	\$26,890,298

Monthly reports have been filed with the Commission by the Company regarding actual PCA deferral entries to date. As reflected in the Company's filing, PCA surcharge rates will not change as a result of this filing. The level of PCA surcharge that will be approved on an ongoing basis is being addressed in the Company's general rate case filing, Case No. AVU-E-04-1. In that case the Company is requesting that the existing PCA surcharge be reduced at the time that new base tariff rates are made effective, i.e., at the conclusion of the general rate case.

The Company in its status report filing discusses the financial implication of the unrecovered PCA deferral balance and recounts the available customer bill paying assistance options.

YOU ARE FURTHER NOTIFIED that the Commission acknowledges that the Company's filing in Case No. AVU-E-04-3 is a PCA status report only and that no changes in rates will result from this filing. Persons desiring to submit comments regarding the Company's filing in Case No. AVU-E-04-3 are notified that the **deadline for filing written comments is Friday, September 3, 2004.**

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-E-04-3 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARY  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST  
BOISE, ID 83702-5983

KELLY O. NORWOOD  
VICE PRESIDENT – STATE & FED. REG.  
AVISTA CORPORATION  
1411 E MISSION AVE  
PO BOX 3727  
SPOKANE WA 99220-3727  
E-mail: [Kelly.norwood@avistacorp.com](mailto:Kelly.norwood@avistacorp.com)

DAVID J. MEYER  
SR VP AND CHIEF COUNSEL OF  
REGULATORY & GOVERNMENTAL AFFAIRS  
AVISTA CORPORATION  
1411 E MISSION AVE  
PO BOX 3727  
SPOKANE WA 99220-3727  
E-mail: [dmeyer@avistacorp.com](mailto:dmeyer@avistacorp.com)

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.state.id.us](http://www.puc.state.id.us). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

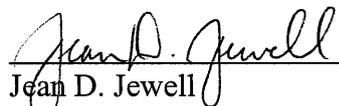
YOU ARE FURTHER NOTIFIED that the Company's filing in Case No. AVU-E-04-3 may be viewed at the Commission's web site, [www.puc.state.id.us](http://www.puc.state.id.us) by clicking on "File Room" and "Electric Cases" or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and at the Idaho offices of Avista.

DATED at Boise, Idaho this 19<sup>th</sup> day of August 2004.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

**Out of the Office on this Date**  
DENNIS S. HANSEN, COMMISSIONER

  
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Jean D. Jewell  
Commission Secretary

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